

Kansas State USE Committee Meeting Minutes

Location: 800 SW Jackson, Lower Level, Board of Healing Arts Meeting Room
Topeka, Kansas.

Date and Time: August 8, 2013; 1:00 PM

Members Participating: Steve Gieber, Barry Swanson, Norm Wilks, Susan Reber, Brenda Maxey, Daren Muci; Tracy Diel, Senator Faust-Goudeau

Others Attending: Mark Calcote (Staples), Natalie Bright (Coalition), Dan Jensen (KETCH), Sharrilyn Smith (Goodwill), Barb Wise (OCCK), Mike Pruett (Cartridge King), James Quillen (OCCK), Liz Karp (BTCO & CPRF), Pat Terick (BTCO & CPRF), Mieke Ellwood (OCCK), Norris Gilman (TECH), Shelby Fry (TARC), Tim Harrington (Cartridge King). Jesse Hodgson

Opening Comment: Secretary of Administration, Jim Clark thanked the State USE Committee for their efforts in providing services to the community. Secretary Clark stated his agency is committed to working with the committee together as a unit and hope to make the relationship strong. He welcomes any suggestions from the committee.

Approval of Minutes: Barry Swanson motioned to approve the minutes of the June 6, 2013 meeting as written. Norm Wilks, Second. Motion to approve the minutes carried.

Old Business

School of Business Project:

Barry Swanson reported there are problems with the project. They are a few students short and trying to keep on track and may have to wait. He will keep the committee posted on the progress.

New Business:

Catalog Schedule: **State USE Products:** Tracy Diel reported the schedule that was sent out is close to the schedule for 2013. Upon approval, will be submitted for 2014 State USE Catalog and will be posted online before December 31, 2013.
In order to be on the distribution list, please contact Jesse Hodgson.

Question - Is this workable information for the vendors to be able to update their information to get to the department to make the catalog work?

Answer - the process was the same as last year and will be doable. The challenge is to have everything for the committee by December 6th, in the event problems arise they can be resolved.

State USE Report

Tracy Diel reported that as we are moving into FY 2014, a report for FY 2013 will have to be filed with the Legislature.

Presentation on Bidder Preference

Request for Quotes (RFQ)

- a. Competitive bid.
- b. A bid for a one-time single purchase of goods or services.
- c. There is “No” negotiation
- d. Sealed bid, low bid wins
- e. If the low bid does not win, the agency has to explain why it's not excepting the low bid.

Example: A one-time purchase of a Gooseneck Trailer the state needs to buy.

1. Send out an RFQ
2. Give a certain amount of time for vendor to respond.
3. Open bids at 2:00pm on the date the bids are required to be in.
4. The sealed bid, low bid wins.

Invitation For Bid (IFB)

- a. Competitive bid.
- b. Sealed bid, low bid wins.
- c. Normally a solicitation for something on a more regular basis.

Example: A three-year contract for industrial plywood.

1. Send out an IFB
2. Set forth the specifications
3. Vendor will respond with what the cost will be.
4. Sealed bid, low bid wins.

Note: In both of these two occasions, if the low bid vendor does not get the award, it could be from past experience working with this vendor. The vendor may not have done well in providing products/services or bid price could be way out of line with what the current market or ability to provide product or services.

Request For Proposal (RFP)

- a. A solicitation for proposals, not bids or quotes.
- b. This is a negotiated procurement.
- c. Will not always go with the low bid.
- d. There are other issues involved that may require negotiation between the parties.

- e. Seeking to negotiate for a variety of things:
 - 1. Service
 - 2. Prices
 - 3. Can the vendor perform?
 - 4. Engaging in an existing program where the incumbent vendor has bid.
 - 5. What is the transfer cost going to be to the agency to go to a new vendor?

Competitive Bids

IFB- Invitation for Bid

RFQ – Request for Quotes .

Negotiated Procurement

RFP – Request for Proposal.

Preference 1

Within Statute:

Certified Business goes out to everyone. The bidder claiming the preference has to meet certain requirements to get the bid. If you become a Certified Business, your Bidder Preference is 10% of the bid you submit.

Example: If you submit a million dollar bid, and you are determined to be a Certified Business, then you would get a bidder preference of 10%, which would make your bid \$900,000. The vendor will still get the one million dollars but your bid will only be viewed as \$900,000.

If you have another vendor bidding against you and they bid \$925,000, your bid is \$900,000.

Certified Business:

How to become a Certified Business?

- 1. 20% of your employees must be individuals with disabilities
- 2. Reside in the State of Kansas.
- 3. As a business, you must contribute 75% of the premium cost for individual health insurance coverage for each employee
- 4. Fill out an application with Office of Facilities and Procurement Management and an evaluation sheet for each employee that you believe qualifies.
- 5. Submit the application to Procurement and Contracts in a sealed envelope. **Note:** Sealed envelope is because you are disclosing employee's medical information. Procurement and Contracts is not set up to receive and access HIPPA information.
- 6. The sealed envelope will be sent directly to Kansas Department for Aging and Disabilities Services for evaluation. They have access to the information of who is on the rolls and are HIPPA compliant.
- 7. KDADS will review the information in the application pertaining to employees and say Yes/No.
- 8. If KDADS say "Yes," you have met the requirement.
- 9. Premium cost information is forwarded to Kansas Department of Health and Environment, Division of Healthcare Finance who is responsible for the state Health Care plan, Medicaid...etc.

10. KDHE will evaluate your medical plan, and they will say Yes or No. If they say "Yes", you have met the requirement.
11. If a vendor receives approval from KDADS and KDHE, then the Department of Administration will certify the vendor as a Certified Business for the fiscal year.
12. The statute requires the certified business meet the minimum requirements during the term of the contract.
13. Sub-Contracting within the contract is limited to 25% of the total bid.
14. Preferences cannot be combined – You cannot be a Certified Business and then state you purchased some items from someone else so that you have two preferences. You come in as a Certified Business.

State Use Preference: Dollar for Dollar up to 10% of the bid.

Example: A company buys a certain amount of product as a State Use Vendor. They submit an application, which can be corroborated of the amount purchased from a State Use Vendor. For every dollar spent, the bidder receives credit for that dollar amount purchased up to 10% of the bid.

Example: If a vendor bids \$10,000 on a project, and buy \$1,000 of goods from a State Use Vendor, then the bidder gets a \$1,000 Bidder Preference and the bid is viewed as \$9,000. If the bid is a \$20,000 bid and the amount of goods purchased is a \$1,000, the bidder still gets the \$1,000 credit, but that's all. The bidder does not get 10% of the value of the bid. The bid is viewed as \$19,000 versus \$18,000 that would be 10% of the bid if the bidder were a Certified Business.

When talking to business, you want to know if they do business with the State of Kansas and bid on projects:

1. What type of projects do they bid for?
2. What's the value of the projects they normally engage in?

The larger the value of the product they are bidding on where they can use it as a credit, the more they are going to want to buy from State USE Vendor because they have a higher amount to show as a preference.

Example:	\$10,000 Bid	\$1,000 Credit	10% of Bid
	\$20,000 Bid	\$1,000 Credit	5% of Bid
	\$100,000 Bid	\$1,000 Credit	1% of Bid

Question: How will your customers know what they are getting involved with when bidding with the State? How will they know it's an IFB, RFP or RFQ?

1. Customer needs to make sure they are registered with the state in the system as a bidder. Only those registered in the **SMART System** can participate in state bids.
2. Bids are emailed or notified to the people that are registered bidders.

3. If you are not registered, visit Kansas Dept of Admin Office of Facilities & Procurement Mgmt. website to register.
4. Provide W9
5. Check Commodity Codes you want to bid on.
6. The top of the page will indicate what kind of bid is being sent out (IFB, RFP or RFQ).
7. The bid will say: Immediately, Closing Date (2:00), 2:01 you're late and disqualified.
8. Purchasing officers will take bids to another room and open them in front of those in attendance and announce the bids.
9. For questions, talk to Procurement Officer Jessie or Tracy
10. RFP - **WILL NOT BE** eligible for the preference
11. IFB or RFQ - **WILL BE** eligible for the preferences.
12. 60-40 Competitive Bid to Negotiate Procurement.

Question: How do you know who is a vendor?

Answer: On Procurement website, there is a list of every contract awarded by the state of Kansas by the Division of Purchasing. KU is not listed because Board of Regents institutions are exempt. If bids have been through a Negotiated Procurement or Competitive Bidding with the Office of Procurement and Contracts it will be listed.

Note: Agencies have delegated authority that they can go out (executive branch agencies). If it's under \$5,000, they don't have to bid it out. Over \$5,000 goes out for a bid except for KDOT who's authority is \$25,000. 2014 purchases for eligibility for 2015 bids. The date the bid closes is the date of the fiscal year it's in. The Fiscal Year ends for the state June 30.

Certificate of Purchase:

1. Fill out and take to vendor where you made purchase
2. Sign and put the dollar amount from the Fiscal year
3. Turn in with all bids
4. Good for the whole year
5. Fiscal year is not by date of closing but by posted date because posting never changes.

Note: The vendor may have multiple sheets from multiple vendors.

Preference: **Your bid is your bid.** The state is giving you credit for the preference. In counting your bid at a lower value but you will still get paid the value you bid.

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Question: If a Certified Business is qualified to do the work under a RFP, that stop him from bidding on a RFP knowing the preference is not there?

Answer: Even though you sought the Bidder Preference in on the other two categories, it does not disqualify you from bidding on a RFP. It just means you are not going to get the preference in looking at the bid.

RFP

- a. Proposals come in.
- b. The first part is the technical aspects of the proposal
- c. Sent to the agency
- d. They do their evaluation based on their specifications in what they know the contract will require.
- e. They evaluate the technical proposal.
- f. Once that is done then cost proposal is sent out

Procurement Negotiation Committee

Procurement Officer –

Designee – from agency

Designee - Secretary of Administration

Question: What definition of disability is used?

Answer: KDADS has its own. The statute is referring to individuals that are enrolled. KDADS reviews the applications that are on line to determine if they meet the level of disability to be qualified. Individuals that meet Medicaid waiver eligibility

Question: Would a self-employed individual with a disability be treated as a Certified Business if they are supplying their own health insurance?

Answer: Yes, if they meet the standards of How to become a Certified Business.

Note: If a person with a disability is buying from a State USE vendor can they get the preference? **Answer:** Yes

Other Business: Terms of serving on the committee are per statute.

Cartridge King - All funds in office related products are to use Staples.

Cerebral Palsy was awarded a grant and will be using the Bidder Preference.

Adjourn: Motion to adjourn approved. Meeting adjourned.

2013 Meeting Schedule

Tuesday, October 3, 2013 – 1:00 pm in Topeka – Hosted by TARC

Tuesday, December 5, 2013 – 1:00 pm in Wichita – Hosted by USD 259